## Message Text

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**ACTION EB-11** 

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 AF-10

ARA-16 EA-11 NEA-10 RSR-01 OIC-04 /234 W

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R 232046Z AUG 73 FM AMEMBASSY OTTAWA TO SECSTATE WASHDC 1586 INFO USMISSION GENEVA OECD PARIS 863 USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, GATT, CA

SUBJECT: GATT TOKYO MINISTERIAL MEETING ON MULTILATERAL TRADE NEGOTIATIONS (MTN)

REF: STATE 159293

- 1. ECON COUNSELOR CALLED ON EXTAFF DIRGEN ECONOMIC AND SCIENTIFIC AFFAIRS DONALD MCPHAIL AUGUST 22 AND RECEIVED TOUR D'HORIZON ON CANADIAN POSTURE AT GENEVA PREPCOM AND PROBABLE APPROACH TO TOKYO MINISTERIAL. MCPHAIL, WHO HAD JUST RETURNED FROM HOLIDAY, EMPHASIZED THAT COMMENTS WERE PERSONAL; CANADIAN POSITION FOR TOKYO HAD NOT YET BEEN VETTED IN NECESSARY INTER-DEPARTMENTAL CONSULTATIONS WHICH WOULD PROBABLY BEGIN LATER IN WEEK.
- 2. MCPHAIL NOTED THAT CANADA HAD BEEN EXTREMELY DISAPPOINTED AT QUOTE THIN UNQUOTE WORK DONE BY THE LIMITED OFFICIAL USE

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GATT SECRETARIAT IN PREPARATION FOR JULY PREPCOM

MEETING IN GENEVA. NEVERTHELESS, DRAFT DECLARATION HAD COME OUT JUST ABOUT AS WELL AS COULD HAVE BEEN EXPECTED. MCPHAIL NOTED THREE AREAS COVERED BY THE DECLARATION OF PARTICULAR INTEREST TO CANADA: AGRICULTURE, MONETARY, AND LESS DEVELOPED COUNTRIES.

- 3. CANADA'S MAIN INTEREST IN THE AGRICULTURAL SECTOR HAD BEEN TO ENSURE THAT AGRICULTURE WOULD BE INCLUDED IN OVERALL NEGOTIATING FRAMEWORK ON EQUAL BASIS AND SUBJECT TO SAME GENERAL OBJECTIVES AS OTHER SECTORS. CANADA RECOGNIZES SPECIAL CIRCUMSTANCES IN AGRICULTURAL SECTOR BUT CANNOT AGREE THAT SECTOR MUST BE SEPARATED OUT AS A SPECIAL PROBLEM. IN PARTICULAR, CANADA DOES NOT WANT TO LUMP AGRICULTURE WITH SPECIAL PROBLEM AREAS IN INDUSTRIAL SECTOR (E.G. TEXTILES) WHICH MAY REQUIRE SPECIAL TREATMENT. HE BELIEVES CANADIAN INTERESTS CAME OUT ALL RIGHT IN DRAFT DECLARATION.
- 4. ON QUESTION OF TRADE AND MONETARY LINKAGE, MCPHAIL SAID CANADA IS PREPARED TO RECOGNIZE IN INDIRECT WAY INTERRELATIONSHIP BETWEEN SUSTAINABLE TRADE LIBERALIZATION AND EFFECTIVE MONETARY SYSTEM BUT OPPOSES ANY SUGGESTION THAT PROGRESS IN ONE SECTOR IS CONTINGENT ON PARALLEL PROGRESS IN OTHER. CANADA HAS OBVIOUS PROBLEMS WITH EC BRACKETED LANGUAGE, WHICH IN ANY EVENT WOULD HAVE TO BE RE-DRAFTED TO ELIMINATE CONTENTIOUS WORDING. SPEAKING PERSONALLY, HE SAW LITTLE TROUBLE IN GOING ALONG WITH US ADDITION, ALTHOUGH HE MIGHT "TINKER WITH LANGUAGE" WHICH HE HAD NOT YET FOCUSED ON. HE SUGGESTED THAT ANY COMPROMISE ACCEPTABLE TO US AND EC WOULD PROBABLY MEET CANADA'S REQUIREMENTS. HE HAD NO PROBLEM WITH LDC SENTENCE.
- 5. WITH REGARD TO LDCS, CANADA'S POSITION WAS NOT TO GO BEYOND GATT PART IV PROVISIONS. MCPHAIL CONSIDERED DRAFT DECLARATION TO BE NOTABLE SUCCESS IN ELIMINATING HEAVY LACING OF DOCUMENT WITH REFERENCES TO PREFERENTIAL AND SPECIAL TREATMENT. HE THOUGHT ONLY ISSUE THAT MIGHT ARISE IN TOKYO (EXCEPT FOR BRACKETED LANGUAGE IN PARA 7 ON MONETARY/TRADE LINK) WOULD LIMITED OFFICIAL USE

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BE RENEWED ATTEMPTS BY LDCS TO RESURRECT SOME OF THESE REFERENCES. IF LDCS SHOULD BE SUCCESSFUL, HE WOULD ADVISE HIS MINISTERIAL REP TO MAKE AN INTERPRETIVE STATEMENT FOR THE RECORD.

6. RE INSTITUTIONAL ARRANGEMENTS, MCPHAIL SAID IT IS HIW VIEW THAT PRESENT GATT COMMITTEES (CTIP, ETC.) SHOULD WIND UP THEIR WORK AND AS APPROPRIATE NEW OR RECONSTITUTED COMMITTEES SHOULD BE SET UP UNDER TNC SO AS TO MAKE CLEAN BREAK BETWEEN WORK BEFORE AND AFTER NEGOTIATIONS FORMALLY LAUNCHED. THIS WOULD EMPHASIZE FACT THAT WHAT IS SAID IN COMMITTEES FROM NOW ON REFLECTS NEGOTIATING POSITIONS WITH AN ELEMENT OF COMMITMENT THAT HAS BEEN LACKING UP TO NOW.

7. MCPHAIL SAID CANADIAN REP AT TOKYO MINISTERIAL WILL BE A. W. GILLESPIE, MINISTER OF INDUSTRY, TRADE AND COMMERCE. DELEGATION WILL ALSO INCLUDE TWO OR THREE DEPUTY MINISTERS, YET UNNAMED. EXACT COMPOSITION OF DELEGATION UNCLEAR AT THIS TIME BECAUSE OF FACT THAT SIX CANADIAN MINISTERS AND ADVISORS WILL BE IN TOKYO WEEK PRIOR TO MTN MINISTERIAL FOR A CANADIAN-JAPANESE MINISTERIAL MEETING AND THERE IS PROBLEM OF COORDINATING TWO EVENTS.

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